



AID-FOR-TRADE CASE STORY

ESCWA

United Nations Economic and Social Commission for Western Asia

STRENGTHENING CAPACITIES IN THE ESCWA REGION TO NEGOTIATE BILATERAL INVESTMENT TREATIES

final!

Project Document

Strengthening capacities in the Economic and Social Commission for Western Asia region to negotiate bilateral investment treaties **(10/11 M)**

**Economic and Social Commission for Western Asia
in cooperation with
The United Nations Conference on Trade and Development**

1. EXECUTIVE SUMMARY

Project Title	Strengthening capacities in the Economic and Social Commission for Western Asia region to negotiate bilateral investment treaties
Duration	4 years (2010 –2013)
Location	Iraq, Jordan, Lebanon, Oman, Yemen, Saudi Arabia, Sudan, and Syria
Executing Agency	United Nations Economic Commission for Western Asia (ESCWA)
Cooperating Agencies	UNCTAD
National Counterpart Institutions	Ministries of Investment, National Economy and Finance in some ESCWA member countries
DA Funding	USD 502,200
Approval by the General Assembly	A/64/4 (Sect.35)
Project Objective	To strengthen the capacity of government officials and negotiators in designing and negotiating bilateral investment treaties that are in favor of investors and serve the development objectives of selected ESCWA member countries

2. BACKGROUND

2.1 Introduction

Several challenges remain in the key areas of the Monterrey Consensus on Financing for Development most relevant for ESCWA member countries, namely mobilizing international resources for development, that includes foreign direct investment (FDI) and other private flows, mobilizing domestic financial resources, and sustainable debt management to finance development projects.

In 2002, ESCWA as part of its work in assisting member countries in promoting FDI inflows implemented a joint project with UNCTAD to provide technical assistance to member countries in the area of compilation and dissemination of FDI statistics and formulation of FDI policies. The project was divided into the following three stages:

- a. The initial stage included an overall assessment of the needs of member countries in the area of FDI, both in terms of lack of accurate statistics and absence of adequate FDI policies.
- b. The second stage included the organization of national training workshops on the compilation and dissemination of FDI statistics based on internationally accepted methodologies, particularly the methodology adopted by the International Monetary Fund. As a result, eight member countries established a database for FDI statistics based on internationally accepted methodologies and conducted comprehensive surveys of all enterprises with FDI participation and obtained accurate estimates of the size and distribution of FDI. Since then, several of those participating countries such as Jordan, Oman, United Arab Emirates and Saudi Arabia, provide annual inputs to the World Investment Report prepared by UNCTAD.
- c. The third stage focused on the regulatory and legislative framework governing the activities of enterprises with FDI participation. In this stage, eight country studies were prepared to evaluate the FDI policies and to provide a set of policy recommendations to the policy makers to assist them in formulating FDI policies based on accurate FDI statistics and to help them adopt strategies and policies for an investment-friendly business environment. As a result, several new policies and procedures have been adopted by ESCWA member countries in recent years to attract FDI.

Following the success of the project on FDI statistics and policies, ESCWA and UNCTAD intend to provide technical assistance to ESCWA member countries to strengthen their negotiation skills of bilateral investment treaties (BITs). In fact, BITs have become one of the most important policy tools for the promotion and protection of FDI. Almost all countries have signed BITs as part of their efforts to attract and promote FDI inflows on one hand and to protect the investments of their citizens abroad, on the

other hand. These agreements provide legal protection and favorable treatment to investors and investments of the contracting parties by covering substantive issues such as expropriation, transfer of funds, dispute settlement, and standards of treatment, admission and establishment. The negotiation skills of the contracting parties play a crucial role in the drafting of these agreements, and ultimately indicate the extent of protection and benefit investors.

However, many countries, including ESCWA member countries, lack adequate technical skills and expertise to negotiate efficiently these agreements, which, in turn, reduces their economic reward. The proposed project will assist some member countries in enhancing their negotiation skills and techniques and provide them with a venue for the exchange of experience and expertise in the area of BITs designed to promote interregional and intraregional investment flows as well as integrating the Monterrey Consensus into their economic strategies and policies.

The Current Situation in the ESCWA member Countries:

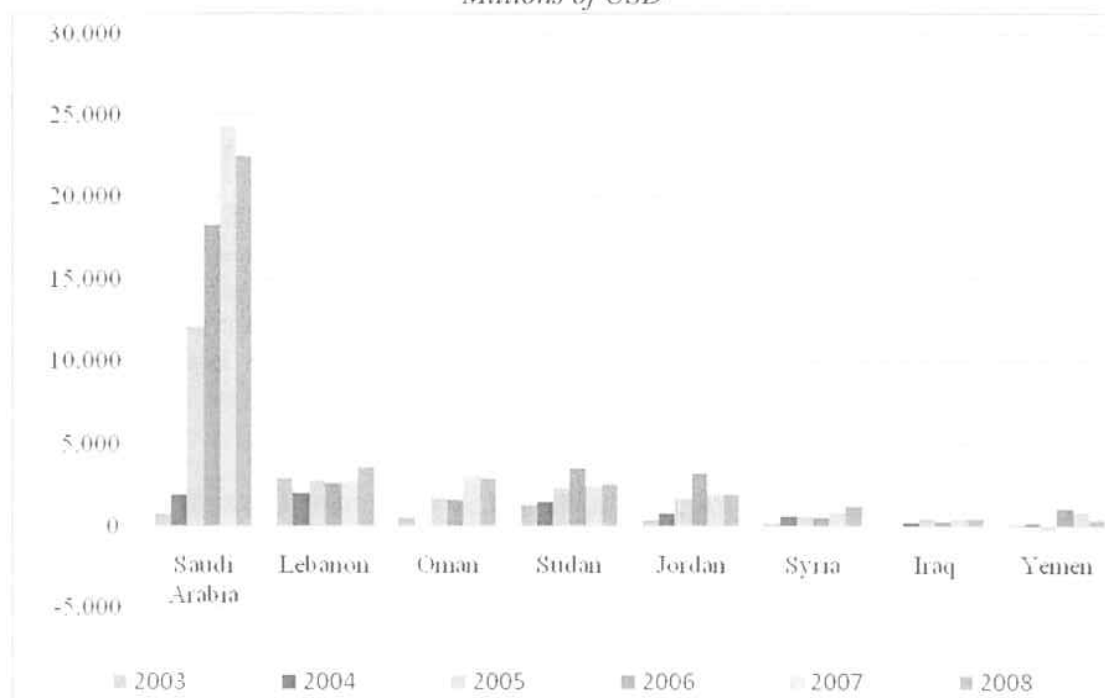
The recent global financial crisis had a significant impact on the FDI inflows to the ESCWA region. FDI inflows to the ESCWA region started to drop in 2008 for the first time since 2001 and are expected to decline further in 2009. Specifically, FDI inflows to the ESCWA region were an estimated \$60 billion in 2008, compared to \$64 billion in 2007, thereby registering a decrease of 6.3 per cent. Preliminary data show that the downward trend in FDI accelerated in the first quarter of 2009. The percentage of FDI inflows remains small as a function of the size of the ESCWA region compared to other emerging markets particularly in countries such as Iraq, Jordan, Lebanon, Syria and Yemen.

According to the *World Bank's Doing Business 2009*, Yemen was the top reformer among 181 countries in terms of starting a business given its efforts to streamline the required procedures for start-ups. As a result, Yemen's rank in the report jumped from 123 in 2007 to 98 in 2008 in the overall ranking on the ease of doing business. Moreover, a number of laws currently under discussion by the Council of Ministers, particularly the new investment law, could further facilitate the business and investment climate in Yemen.

During the past decade, Jordan has improved its business and macroeconomic environments, thereby leading to substantial flows of investment from both domestic and foreign sources. Jordan's investment-related laws cover the major aspects of investing, registering and operating businesses. Some of these laws are being reformulated in order to maintain Jordan's competitive position in the region and globally. The World Bank's *Doing Business 2009* ranked Jordan at 101 out of 181 globally. However, further improvements in the investment environment are needed.

FDI Inflows to selected ESCWA member countries, 2003-2008

Millions of USD



Source: ESCWA, Annual Review of Developments in Globalization and Regional Integration in the Arab Countries, 2009

The investment climate in Lebanon benefits from a series of incentives, including full exemption from income taxes for up to 10 years, full exemption from land registration fees, a reduction of up to 50 per cent on work and residence permit fees. The Lebanese authorities have recently pursued efforts aimed at improving the investment environment.

While FDI inflows into the Sudan increased modestly from \$2.4 billion in 2007 to \$2.6 billion in 2008, this represents a drop of approximately 36 per cent relative to 2006. According to *Doing Business 2009*, the Sudan dropped to 147, from 142 in the previous edition. This comes despite efforts by the Ministry of Investment to implement a single window aimed at removing bureaucratic barriers, shortening delays and unifying all procedural channels for investors.

The increase of FDI flows to the Syrian Arab Republic reflects the recent efforts by the Government aimed at enhancing the private sector's participation in the overall economic activity. In particular, the authorities have embarked on a large-scale development programme aimed at enhancing the investment climate and increasing investments in non-oil sectors, particularly in the light of the gradual depletion of national oil reserves. In fact, the tenth five-year plan, which was implemented with the cooperation of the United Nations Development Programme (UNDP), has set intermediate objectives ranging from developing new laws and regulations, to diversifying investment incentives and guarantees, and encouraging partnerships with the private sector.

According to *Doing Business 2009*, Oman's position in the rankings remained unchanged from the previous edition, at 57. This stems from efforts by Oman aimed at providing a friendly and liberal environment for businesses and investments by allowing foreign ownership up to 70 per cent within the framework of the World Trade Organization (WTO), and full foreign ownership in specific cases under free trade agreements between Oman and the United States. Moreover, there are no restrictions on the repatriation of capital or income earned on invested foreign capital, and FDI enterprises are eligible for five-year tax breaks that can be extended up to 10 years. The new tax law, namely, Royal Decree no. 28/2009, could help to stimulate economic development and attract more foreign investment into the country. Oman also offers quality physical infrastructure in terms of roads, sea ports, airports, as well as electricity and water supply.

FDI continues to play an important role in the national economy of Saudi Arabia, despite a drop from 6.4 per cent of GDP in 2007 to some 4.7 per cent of GDP in 2008. Within that context, it is estimated that around 20 per cent of the aggregate private sector projects in Saudi Arabia are on hold owing to the global financial and economic crisis, thereby adversely affecting FDI inflows to the country. Saudi Arabia was in the top ten countries in terms of the level of reforms that were undertaken in 2007, including, among others, reducing the number of days needed for a company start-up from 39 to 15. In 2008, the number of days fell again to 12 days. Moreover, Saudi Arabia launched a commercial credit bureau whose reports include the credit exposure of companies. It also accelerated trade by reducing the number of documents required for importing and by cutting handling time at ports and terminals by two days for both imports and exports.

According to the *Doing Business 2009 in the Arab World Report*, Iraq's overall score for Ease of Doing Business is slightly lower this year, Iraq still falls in the bottom 10% in four indicators, namely Starting a Business, Getting Credit, Trading Across Borders, and Closing a Business (due to no practice). To enhance the business environment and encourage FDI, the Iraqi government is currently carrying out a comprehensive and significant number of institutional transformations affecting the business environment and building capacities on key policy issues for enterprise development. A new tax structure and new investment laws will be established in the near term. Plans are also underway to restore a transparent judiciary system in Iraq.

The current project proposes to support 8 member countries. These countries which very different in their political, economic, social and institutional make-up, nonetheless share some common challenges in encouraging investment. This project responds to the requests from some ESCWA member countries to assist them in upgrading their skills in the area of negotiating bilateral investment agreements.

A weak protection for stakeholders represents a major bottleneck to attract FDI in the above mentioned ESCWA member countries. Increasing the protection of investors through the BITs could attract private capital. In particular, strengthening investor rights could increase intraregional investments in a number of promising sectors in industry and agriculture.

2.2 Link to the Programme Budget

The project will contribute significantly to the achievement of expected accomplishments of ESCWA subprogramme 3 Economic development and integration particularly the expected accomplishment (b) “Enhanced capacity of member countries to formulate and/or implement policies and measures recommended by the Monterrey Consensus, taking into consideration the outcomes of the Follow-up International Conference on Financing for Development, to be held in Doha in 2008” for the biennium 2010-2011. It will also contribute to the implementation of ESCWA resolution 290(XXV) that requests “ESCWA secretariat to support member country efforts to build capabilities in particular in bilateral investment agreements”.

The project will also contribute to UNCTAD’s work Programme on international investment agreements (IIAs) which assists developing countries to benefit from international investment agreements, including BITs and to participate as effectively as possible in international investment rulemaking. The UNCTAD work programme on IIAs was recently enhanced by the Twelfth United Nations Conference on Trade and Development (20-25 April 2008) and the Accra Accord (paragraph 151) which states that “UNCTAD should continue to help developing countries participate in the debate on international investment agreements (IIAs). It should focus on the development dimension of IIAs and examine the effects of IIAs. UNCTAD’s work in this area should include policy analysis and capacity-building in relation to the negotiation and implementation of current and future bilateral and regional investment agreements, management of investor-State disputes, alternative means of dispute settlement, the approach to investment promotion and the effects of IIAs”.

2.3 Link to the Internationally Agreed Development Goals (IADGs), including the Millennium Development Goals (MDGs) and Development Agenda

In terms of the global mandate, the project will contribute to GA resolutions A/RES/62/184, A/RES/62/185 and A/RES/62/187. It will also contribute to the implementation of the Monterrey Consensus on Financing for Development which was further supported during the Follow-up International Conference on Financing and Development, held in Doha-Qatar from 29 November to 2 December 2008.

Furthermore, this project will contribute largely to the implementation of MDG 8 “Develop a global partnership for development”.

2.4 Lessons learned

The lessons learned from the previous project on FDI statistics and policies can be best seen in realizing:

- a. The importance of enhancing the relationship with member countries and United Nations agencies. The project showed that such good relationships have proven to be useful in increasing the impact/outcome of the project.
- b. Feedbacks from participants in the national workshops have proven to be essential

- in achieving the expected accomplishments and evaluating the progress made.
- c. Harmonization and standardization of the FDI database can be achieved among ESCWA member countries.
 - d. The importance of FDI in the economic development process particularly in reducing unemployment and transferring technology.
 - e. The importance of accurate and reliable data on FDI based on internationally accepted methodologies and from actual survey of FDI enterprises.
 - f. The importance for such accurate data for the formulation of adequate FDI policies that improve the business environment and increase FDI inflows.

3. ANALYSIS

3.1 USER ANALYSIS

Concerned Groups: This project will target government officials from: the ministries of justice, foreign affairs, investment, economy and trade, ministry of finance, and any other office or government agency involved in negotiating treaties related to investment from the eight countries covered by this project namely: Iraq, Jordan, Lebanon, Oman, Yemen, Saudi Arabia, Sudan, and Syria.

Several activities including national training workshops and seminars, intraregional study tours, platforms (website), and advisory services will be tailored to the needs of each of the eight countries. The aim of these activities is to upgrade the skills of government officials from ministries and offices involved in negotiation process. As a result, all participants will have a detailed understanding of all articles included in BITs and will have a wide knowledge of negotiation techniques and strategies. They will be able to participate in the negotiation and drafting of BITs.

Analysis and Categorization of Needs: Most BITs concluded in the last decade have a similar basic structure and content. However, this does not mean that agreements would be more or less identical. On the contrary, by looking into the details of each treaty one can distinguish a broad variety of approaches with regard to individual provisions. Differences exist with regard to the underlying rationale of the BITs, the degree of protection and the number of qualitative innovations. In the last ten years, BITs have tended to become more complex and cover a broad set of issues that require several parties (Ministry of Foreign Affairs, Ministry of Justice, Ministry of Investment) to be involved. BITs are no longer limited to investment issues per se, but also deal with related matters such as trade, services, competition, intellectual property and industrial policy. Furthermore, the interaction of BITs with other agreements at different levels, including the regional and multilateral levels, makes the challenges involved in concluding BITs much greater. Another element that contributed to the evolution of BITs is the surge in investor-State disputes over the last decade. In addition, the number of disputes increased almost 38 times between 1995-2005 from six cases in 1995 to 226 cases in 2005.

Over the past few years, ESCWA member countries have implemented a number of measures aimed at boosting the attractiveness of the business environment. Those measures included the reduction in corporate taxes, creation of one-stop shops to reduce the time needed to approve and register investments, and the reduction in minimum capital requirements. As a result, FDI inflows to ESCWA member countries have increased from less than \$11 billion in 2003 to reach more than \$60 billion in 2008. The outstanding performance of the FDI inflows to ESCWA member countries did not persist in the face of the ongoing turmoil in the global financial markets and the deterioration of the world economic growth. In 2008, ESCWA member countries witnessed a decline in FDI inflows for the first time since the year 2001. FDI inflows deteriorated to \$60 billion in 2008 compared to \$64 billion in 2007, which represents a drop of 6.3 per cent. Further deterioration in the level of FDI inflows to ESCWA member countries is expected in 2009. Despite the recent increase in FDI inflows to ESCWA member countries in the period 2002-2007, the percentage of FDI inflows remains small as a function of the size of the ESCWA region compared to other emerging markets. There are still several factors that constrain FDI to ESCWA member countries, including weak enforcement of legislation, excessive levels of bureaucracy and corruption, dominance of the public sector and slow implementation of privatization programmes.

Due to the importance of BITs to attract FDI to member countries and the recent evolution in BITs, several ESCWA member countries need to upgrade the skills of their government official who are involved in negotiating and drafting BITs. ESCWA officials need to study the recently developed BITs models in order to adopt the most suitable new developments. Designing one model for BITs cannot meet the needs of the targeted (eight) ESCWA member countries where countries are divided into three groups: FDI importing countries which include Lebanon, Jordan, Syria, Yemen and Sudan; FDI exporting countries which include Kuwait; and FDI exporting/importing countries that include Saudi Arabia and Iraq.

What will Change? This project aims to upgrade the skills of government officials participating in negotiating and formulating bilateral investment treaties and will improve the negotiation and drafting skills of decision makers responsible for the finalization of bilateral investment treaties.

Sustainability: To ensure that the project induces a significant impact in the target areas, sustainability is indispensable. It constitutes the capacity to sustain a desired level of output for an extended period of time. It requires not only that all projects achieve their expected accomplishments during the project life but also that the benefits they generate continue beyond the time of the donor's involvement. Ensuring sustainability will be included through establishing a platform (website) to promote the continuation of exchanges of expertise between different governments and to encourage the implementation of common procedures and standards among member countries in the area of BITs. Furthermore, the project involves the conduct of one expert group meeting to provide a forum for member countries to establish a network between government official from different member countries to share and exchange country experiences.

These participants will be able to transfer the knowledge acquired from the workshop and from actual experiences to other government officials, securing therefore the sustainability of the results obtained from the project. The project will allow countries to draft BITs with clearer objectives and articles.

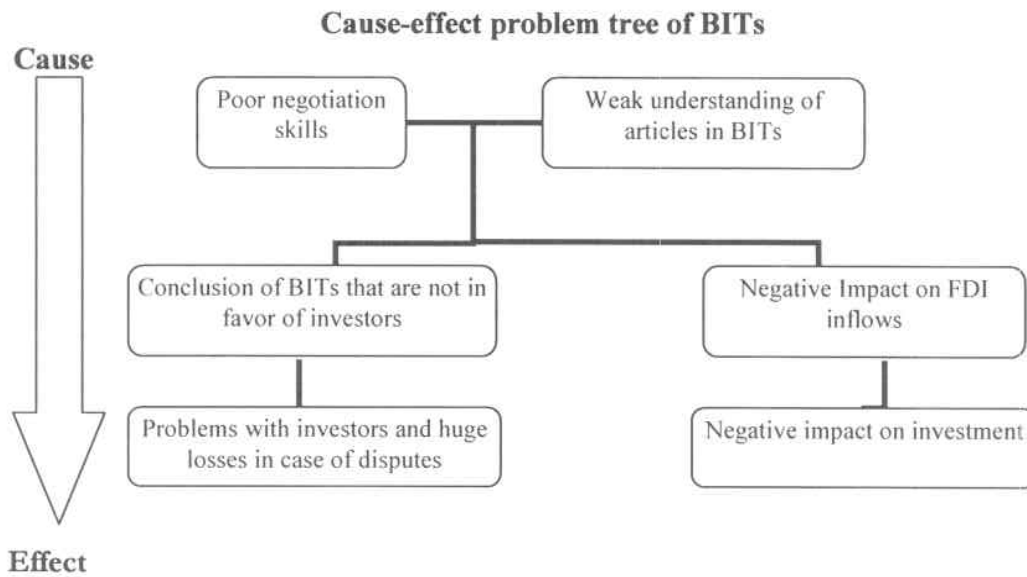
3.2 PROBLEM ANALYSIS

Initial Situation: BITs are not limited to investment issues, they also deal with variety of issues including as trade, services, competition, intellectual property and industrial policy. In the last ten years, BITs tend to become more complex and each treaty involves a broad variety of approaches with regard to individual provisions. ESCWA member countries often lack the adequate skills and expertise needed for the negotiation of bilateral investment treaties. Consequently, poor negotiation skills may affect negatively the quality of the treaties concluded. Therefore, a proper negotiation skill is crucial for the conclusion of a treaty that aims to attract FDI and to protect the interests of foreign investors.

Furthermore, poor understanding of the implications of substantive treaty provisions and the legislative impact of each of them may add complications with regard to the implementation of the treaty.

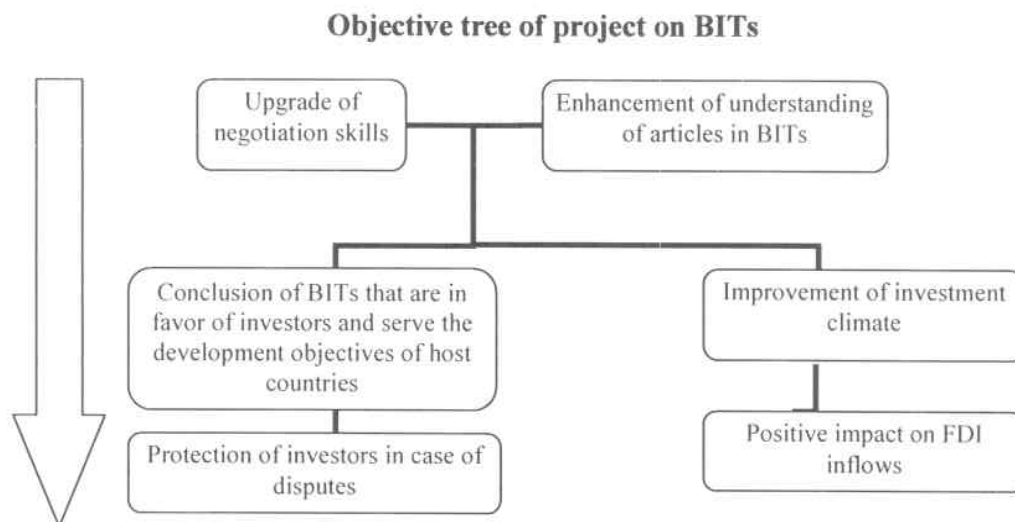
Major Problem Conditions: The eight member countries are in the process of enhancing their investment environment and still suffer from the consequences of having a weak protection for stakeholders. This issue is a major bottleneck to attract FDI. Increasing the protection of investors through the BITs is a pre-requisite to promote FDI and attract private capital. The eight member countries often lack the adequate skills and expertise needed for negotiation and drafting bilateral investment treaties.

Causal Relationship: Poor understanding of all the articles and the legislative impact of each of them might have tremendous impacts on investors in the future. Weak understanding of the articles might lead to the acceptance of items related protection of investment, treatment of investors, transfer of funds, dispute settlement, and expropriation that are not in favor of the investors and might lead to huge losses for investors if any dispute arises between the investor and the recipient country.



3.3 ANALYSIS OF OBJECTIVES

The main objectives of this project is to strengthen the capacity of government officials and international investment agreement (IIA) negotiators in designing and negotiating bilateral investment treaties in some ESCWA member countries. This will lead to the formulation and adoption of BITs that protect both national interests and that of the investors. The project will clarify the substantive treaty provisions and their implications on national development strategies



4. OBJECTIVES, EXPECTED ACCOMPLISHMENTS AND STRATEGY

4.1 Objectives

This project will strengthen the capacity of government officials and negotiators in designing and negotiating bilateral investment treaties that are in favor of investors and serve the development objectives of selected ESCWA member countries.

4.2 Expected Accomplishments

The implementation of this project will result in:

EA(1) To enhance the capacity of government officials in the ministries of foreign affairs, justice, economy, investment and planning to negotiate and formulate BITs;

EA(2) To Increase the number of government official who have the capacity to implement bilateral investment agreements and to manage investor-State disputes.

4.3 Indicators of achievements

The proposed indicators include:

IA(1.1) Increased number of government officials participating in the workshops on the negotiations of BITs;

IA(1.2) Increased number of users of the web-based network established as part of the project;

IA(2.1) Increased number of concluded agreements that are drafted in a coherent way, and that are development oriented.

4.4 Main activities

The main activities of the project will include:

a) Technical assistance will be provided to improve the negotiation skills of concerned government officials, particularly in the ministries of foreign affairs, justice, economy, investment and planning in designing and negotiating BITs. This expected accomplishment will be achieved by the following activities:

A(1) Organizing eight national training workshops for government officials from different ministries and government agencies (investment, legal, foreign affairs, international cooperation, economy and finance) to improve the technical capabilities of member countries in designing and negotiating bilateral investment treaties. Training material and a detailed manual prepared by international

consultants under the supervision of ESCWA will be distributed to all participants ensuring the sustainability of the results of the workshops;

- A(2) Establishing a platform (website) to promote the exchanges of expertise between different governments to encourage the implementation of common procedures and standards among member countries in the area of FDI;
- A(3) Organizing intraregional study tour to create opportunities for government officials who are involved in designing and negotiating bilateral investment treaties to learn from best practices and to share experience with others in the region.

b) Technical assistance will be provided for the development of skills on how to apply those negotiated BITs for settlement of investment disputes. This will be achieved through the following activities:

- A(4) Conducting one seminar to provide a forum for member countries to share and exchange country experiences and to develop common procedures for conflict resolutions between foreign investors and host country;
- A(5) Providing advisory services to strengthen national and regional institutions in dealing with conflict resolutions between countries involved in bilateral investment agreements.

5. MONITORING AND EVALUATION

The successful implementation of the objectives of the project will be evaluated by monitoring the indicators of achievements. Focal points from each of the participating countries will be nominated and will remain in close contacts with ESCWA for monitoring the needs and outcomes of their respective countries.

- IA(1.1) Increased number of government officials participating in the negotiations of bilateral investment treaties. This indicator can be monitored by analyzing the evaluation reports distributed to all participants during the national training workshops. The evaluation reports will be distributed and analyzed by ESCWA staff members attending the workshops;
- IA(1.2) Increased number of users of the web-based network established as part of the project. This indicator can be monitored by counting the number of beneficiaries/users of the platform (web-site).
- IA(2.1) Increased number of concluded agreements that are drafted in a coherent way, and that are development oriented. This indicator can be monitored by ESCWA staff members and in cooperation with focal points.

| An external evaluation of the project will be undertaken by an external evaluation consultant upon the successful implementation of all activities related to this project. The consultant will review the implementation stages and will evaluate the results.

6. EXTERNAL FACTORS

The timely implementation of the activities related to this project are directly linked to the cooperation of member countries, their readiness to implement the Monterrey consensus and to integrate it into their economic strategies and policies on one hand and the availability of international consultants to participate in the national training workshops, EGM and advisory services.

7. IMPLEMENTATION ARRANGEMENTS

This project will be implemented by ESCWA in cooperation with UNCTAD. ESCWA will be the main implementing agency and will undertake all contacts with member countries and consultants and will monitor budgets. UNCTAD will provide technical assistance by participating in the training workshops, the expert group meeting, the establishment of website, the organization of study tours and sharing the experiences they acquired in this field.

ANNEX 1: LOGICAL FRAMEWORK
ANNEX 2: RESULT BASED WORKPLAN
ANNEX 3: RESULT BASED BUDGET
ANNEX 4: ALLOTMENT REQUEST

ANNEX 1: LOGICAL FRAMEWORK

Intervention logic	Indicators	Means of verification	Risks/Assumptions
Objective: Strengthen the capacity of government officials and negotiators in designing and negotiating bilateral investment treaties that are in favor of investors and serve the development objectives of selected ESCWA member countries.			
Expected accomplishment (1): To enhance the capacity of government officials in the ministries of foreign affairs, justice, economy, investment and planning to negotiate and formulate BITs;	IA(1.1) Increased number of government officials participating in the workshops on the negotiations of bilateral investment treaties; IA(1.2) Increased number of users of the web-based network established as part of the project;	1) Evaluation reports of each training workshop completed by participants during the last session; 2) Inputs from focal points of participating countries; 3) External evaluation of the project. 4) number of beneficiaries/users of the platform (web-site).	
1.1 Main activity: Organizing eight national training workshops for government officials from different ministries and government agencies (investment, legal, foreign affairs, international cooperation, economy and finance) to improve the technical capabilities of member countries in designing and negotiating bilateral investment treaties.			
1.2 Main activity: Establishing a platform (website) to promote the exchanges of expertise between different governments to encourage the implementation of common procedures and standards among member countries in the area of FDI.			
1.3 Main activity: Organizing intraregional study tour to create opportunities for government officials who are involved in designing and negotiating bilateral investment treaties to learn from best practices and to share experience with others in the region.			
Expected accomplishment (2): to increase the number of government officials who have the capacity to implement bilateral investment agreements and to manage investor-State disputes.	IA(2.1) Increased number of concluded agreements that are drafted in a coherent way and that are development oriented.	1) Evaluation report of the expert group meeting completed by participants; 2) Inputs from focal points of participating countries; 3) External evaluation of the project.	
2.1 Main activity: Conducting one seminar to provide a forum for member countries to share and exchange country experiences and to develop common procedures for conflict resolutions			

between foreign investors and host country

2.2 Main activity: Providing advisory services to strengthen national and regional institutions in dealing with conflict resolutions between countries involved in bilateral investment treaties.

ANNEX 2: RESULT BASED WORKPLAN

Expected accomplishment	Main activity	Timeframe by output/activity			
		2010	2011	2012	2013
EAI: To enhance the capacity of government officials in the ministries of foreign affairs, justice, economy, investment and planning to negotiate and formulate BITs;					
	A 1.1: Organizing eight national training workshops for government officials from different ministries and government agencies (investment, legal, foreign affairs, international cooperation, economy and finance) to improve the technical capabilities of member countries in designing and negotiating bilateral investment treaties.	x	x	x	x
	A 1.2: Establishing a platform (website) to promote the exchanges of expertise between different governments to encourage the implementation of common procedures and standards among member countries in the area of FDI		x	x	x
	A 1.3: Organizing intraregional study tour to create opportunities			x	x

	for government officials who are involved in designing and negotiating bilateral investment treaties to learn from best practices and to share experience with others in the region.				
EA2: To increase the number of government officials who have the capacity to implement bilateral investment agreements and to manage investor-State disputes.					
	A 2.1: Conducting one seminar to provide a forum for member countries to share and exchange country experiences and to develop common procedures for conflict resolutions between foreign investors and host country				x
	A 2.2: Providing advisory services to strengthen national and regional institutions in dealing with conflict resolutions between countries involved in bilateral investment treaties.	x	x	x	x

ANNEX 3: RESULT BASED BUDGET

Expected accomplishment	Main activities	Budget lines	<i>Amount</i>
EA1: To enhance the capacity of government officials in the ministries of foreign affairs, justice, economy, investment and planning to negotiate and formulate BITs;	A 1.1: Organizing eight national training workshops for government officials from different ministries and government agencies (investment, legal, foreign affairs, international cooperation, economy and finance) to improve the technical capabilities of member countries in designing and negotiating bilateral investment treaties	602 – General Temporary Assistance (GS4): 27 months X \$2,800 per month	<i>US\$ 75,600</i>
		604 - Consultants: 0111 - consultancy fees of international consultants: 10 work months X \$6,200 per month	<i>US\$ 62,000</i>
		2601- Travel of consultants: 12 missions X 2 consultants X 2,500	<i>US\$60,000</i>
		0111- External evaluation consultant for the evaluation of the project 2 months X \$5,000	<i>US\$ 10,000</i>
		2601 – Travel of external evaluation consultant; 4 missions X \$2,500	<i>US\$ 10,000</i>
		608 – Travel of staff to conduct workshops: 8 missions X 2 staff X \$2,500	<i>US\$40,000</i>
		616 – Operating expenses: communication and printing;	<i>US\$ 1,100</i>
		621- Fellowships and Grants, Contributions	<i>US\$ 55,000</i>

		7202 - Workshop for Iraqi officials (to be held in Damascus, Syria) 22 Participants X \$2,500 per participant	
	A 1.2: Establishing a platform (website) to promote the exchanges of expertise between different governments to encourage the implementation of common procedures and standards among member countries in the area of FDI	604 – 0140: National consultants: consultancy fees for national consultant: 3 work months X \$ 5,000 per month	\$ 15,000
	A 1.3: Organizing intraregional study tour to create opportunities for government officials who are involved in designing and negotiating bilateral investment treaties to learn from best practices and to share experience with others in the region	602 – General Temporary Assistance 604 – Consultants: travel and consultancy fees of international consultants 621 – 7203 Study Tour: 13 study tours X 2 persons X \$2,500	Covered in A1.1 Covered in A1.1 \$ 65,000
EA2: To Increase the number of government officials who have the capacity to implement bilateral investment agreements and to manage investor-State disputes.			
	A 2.1: Conducting one seminar to provide a forum for member countries to share and exchange	602 – General Temporary Assistance; 621- Fellowships and Grants, Contributions –	Covered in A1.1 US\$80,000

	country experiences and to develop common procedures for conflict resolutions between foreign investors and host country	7202 Seminar; 32 participants X \$2,500 608 – Travel of staff to organize the seminar 3 staff X \$2,500 616 – Operating expenses: communications and printing.	<i>US\$ 7,500</i> <i>US\$ 1,000</i>
	A 2.2: Providing advisory services to strengthen national and regional institutions in dealing with conflict resolutions between countries involved in bilateral investment treaties.	602 – General Temporary Assistance; 604 – Consultants: it covers travel and consultancy fees of international consultants; 608 – Travel of staff to provide advisory services 4 missions X 2 staff X \$2,500	<i>Covered in A1.1</i> <i>Covered in A1.1</i> <i>US\$20,000</i>

ANNEX 4: ALLOTMENT REQUEST

1. Summary table

Budget line	Object Description	Allotment	Explanation of changes compared to the concept paper
602	General Temporary Assistance	US\$ 75,600	There is a change in the cost were the per month cost in the CP was on very low base
604	Consultants fees and travel <ul style="list-style-type: none"> - national consultants - international consultants - External evaluation 	US\$157,000	Since several member countries will contribute to the cost of holding workshops, we added the consultant fees of holding 7 workshops in this line. In the CP the consultant fees was part of the workshop cost
608	Travel of staff	US\$ 67,500	An increase of \$12,500 is due to adding 4 missions for advisory services
616	General operating expenses	US\$ 2,100	
621	Seminars and Workshops	US\$135,000	The amount was reduced since counterparts in member countries will contribute to the workshops cost
621	Study Tours	US\$ 65,000	Number of beneficiary from study tours has increased from 10 official to 26.
	Total	US\$502,200	

2. Detailed justification by object code

602 – General Temporary Assistance (GS4):

A provision of US\$ 75,600 is required to assist in all aspects related to holding the training workshops, the seminar, establishing a platform, and the study tour in support of activities A1.1, A1.3, A2.1, and A2.2 (27 work months) x (\$2,800 per work month) = \$75,600.

604 – Consultants:

A provision of US\$ 157,000 is required in support of activity A1.1, A1.2, A1.3 and A2.1.

(a) International consultants for preparing training materials and holding workshops and seminar and providing advisory services, in support of activities A1.1, A1.2 and A2.2, and to cover fees related to an independent consultant who will undertake external evaluation of the project (10 work months) x (\$6,200 per month) + (\$10,000 for external evaluation consultant fees) + (\$70,000 for consultant(s)' travel) = \$142,000;

(b) National/Regional Consultant to design and set a website to promote the exchange of expertise between different member countries, in support of activity A1.2. Consultant fees = \$15,000;

608 – Travel of Staff

A provision of US\$ 67,500 is required for 13 missions by international UN staff to organize eight training workshops, one seminar and provide advisory service upon the request of member countries, in support of activities A1.1, A2.1 and A2.2. (A1.1) 8 missions X 2 persons X \$2,500 + (A2.1) 1 mission X 3 X \$2,500 + (A2.2) 4 missions x 2 X \$2,500 = \$67,500;

616 – General operating expenses

A provision of US\$ 2,100 is required to cover editing and printing a manual on BITs and supplies and communications in support of activities A1.1, A2.1.

621 – Fellowship, Grants and Contributions

7202 Seminars and Workshops

In support of activity A1.1, a provision of US\$ 55,000 is required for one workshop for Iraqi official to improve the technical capabilities of official in designing and negotiating bilateral investment treaties. This workshop will be held in Damascus, Syria.

22 participants X \$2,500 = \$55,000

A provision of US\$ 80,000 is required for one seminar to share and exchange country experiences in dealing with conflict resolutions between countries involved in bilateral investment treaties, in support of activity A2.1. During this seminar, invitations will be

extended to other regional commissions to share their experiences in this area (\$2,500 per participant) x (32 participants) = \$80,000.

7203 Study Tour

A provision of US\$ 65,000 is required to cover expenses of government officials and experts to strengthen the capacity of Investment Departments in ESCWA member countries, in support of A1.3 (\$2,500 per study tour) x (2 persons) x (13 study tours) = \$65,000.